public accounts 1990-91

volume 3 — summary financial statements

Manitoba
Finance

for the year ended March 31, 1991

INTRODUCTION TO THE PUBLIC ACCOUNTS OF MANITOBA

The Public Accounts of the Province of Manitoba are prepared by statutory requirement, in accordance with the Financial Administration Act, which is Chapter F55 of the Continuing Consolidation of the Statutes of Manitoba. The Public Accounts for the fiscal year ended March 31, 1991 consists of three volumes:

VOLUME 1 contains the Financial Statements of the Consolidated Fund of the Province and schedules of supporting information.

VOLUME 2 is a supplementary volume which contains further details of the expenditures by standard expenditure object codes. It also provides details of the salaries and wages paid to employees as well as payments to corporations, firms, individuals, other Governments and Government Agencies.

VOLUME 3 contains the Summary Financial Statements of the Province. These statements reflect the consolidation of the financial operations of all organizations integral to the overall operations of Government in performing its executive function.

INTRODUCTION TO THE SUMMARY FINANCIAL STATEMENTS

The Summary Financial Statements of the Government of the Province of Manitoba were produced separately as Volume 3 of the Public Accounts for the first time in relation to the fiscal year ended March 31, 1988. This was the first step in the implementation of the recommendations of the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants with respect to the Government Reporting Entity. This recommendation requires that

> "Government financial statements should consolidate the financial statements of organizations comprising the government reporting entity, except for government enterprises, which should be accounted for by the modified equity method".

The full implementation of this recommendation was a major undertaking. Full consolidation was phased in over a 4-year period culminating with Volume 3 of the Public Accounts for 1990-91, which represents the Government Reporting Entity.

A list of the Organizations that are representative of the Government Reporting Entity are disclosed in Schedule I of these Summary Financial Statements.

Minister of Finance
February, 1992

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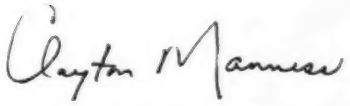
GOVERNMENT OF THE PROVINCE OF MANITOBA

STATEMENT OF RESPONSIBILITY

Responsibility for the integrity and objectivity of the Summary Financial Statements rests with the Government. They are prepared under the direction of the Minister of Finance in accordance with the stated accounting policies of the Government Reporting Entity and include a consolidated statement of financial position, a consolidated statement of revenue and expenditure, a consolidated statement of changes in financial position, schedules and notes integral to the statements. Together, they present fairly, in all material respects the financial condition of the Government Reporting Entity at the fiscal period-end and results of operations for the year then ended.

On behalf of the Government



HONOURABLE CLAYTON MANNESS
Minister of Finance
February, 1992

Office of
the Provincial Auditor

905 - 386 Broadway
Winnipeg, Manitoba, CANADA
R3C 3R6

AUDITOR'S REPORT

To The Legislative Assembly of Manitoba

Under the authority of section 14 of The Provincial Auditor's Act, we have examined the consolidated statement of financial position of the Government of the Province of Manitoba as at March 31, 1991 and the consolidated statements of revenue and expenditure and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of management of the Government of the Province of Manitoba. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, except for the matter presented as reservation 1 regarding amounts receivable, these financial statements present information in accordance with the accounting policies of the Government Reporting Entity stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year. We also report two additional reservations regarding the Government's accounting treatment of pension liabilities and associated pension costs and the Preferred Shares of Repap Enterprises Inc. In our opinion, except for the effects of these three reservations as set out below, these financial statements present fairly, in all material respects, the consolidated financial position of the Government of the Province of Manitoba as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended.

Reservation 1 - Recording of a Pending Amount Receivable from the Government of Canada

Recorded in the financial statements is $18.7 million in emergency disaster amounts receivable from the Government of Canada regarding a pending claim for fire suppression costs, which was set up as at March 31, 1990. The Governments of the Province of Manitoba and Canada are in the process of negotiating a cost sharing arrangement to cover these costs. As at March 31, 1991, the Province had not submitted a formal claim to Canada and Canada had not acknowledged this liability. As a result, realization of this amount receivable depends on future negotiations. As at March 31, 1991, the classification of the $18.7 million as an amount receivable cannot be verified. Had the Government not recorded the $18.7 million as an amount receivable in its financial statements, the assets would be decreased and the total excess of liabilities over assets and similar items (accumulated deficit) would be increased by $18.7 million as at March 31, 1991.

Reservation 2 - Failure to Record Pension Liabilities and Associated Pension Costs

In accordance with the accounting policy stated in note 1C2d to the financial statements, the Government Reporting Entity does not fully record its pension liabilities and the costs associated with the annual increase in the pension liabilities for pension entitlements earned by its employees, teachers and Members of the Legislative Assembly in its financial statements. Note 15 provides information on the estimated unrecorded pension

liabilities. The unrecorded pension liabilities are estimated to be $1,419.6 million as at March 31, 1991. Had the pension liabilities and the costs associated with the annual increase in the pension liabilities been recorded in the financial statements, expenditure would be increased by an estimated $130.9 million, the increase in equity in government enterprises would be increased by an estimated $13.2 million and consolidated net expenditure would be increased by an estimated $117.7 million for the year ended March 31, 1991. Also, assets would be decreased by an estimated $128.3 million, liabilities and unrealized recovery would be increased by an estimated $1,291.3 million and the accumulated deficit would be increased by an estimated $1,419.6 million as at March 31, 1991.

Reservation 3 - Valuation of Preferred Shares

The preferred shares of Repap Enterprises Inc., included in the consolidated statement of financial position as other long-term investments at $77.6 million, have been recorded at their future potential redemption value. The unrealized recovery from the future redemption of the preferred shares of Repap Enterprises Inc., of $77.6 million, recognizes that realization of these shares is dependent on the future profitability of Manfor Ltd., or its successor, and other conditions being fulfilled well into the future. Had the unrealized recovery been offset against the value of the shares, assets and liabilities and unrealized recovery would be decreased by $77.6 million as at March 31, 1991.

The combined effect of the three reservations on the 1991 operations is an increase in expenditure of $130.9 million, an increase in the increase in equity in government enterprises of $13.2 million and an increase in the consolidated net expenditure of $117.7 million for the year ended March 31, 1991. Also, assets would be decreased by $224.6 million, liabilities and unrealized recovery would be increased by $1,213.7 million and the accumulated deficit would be increased by $1,438.3 million as at March 31, 1991.

F.H. Jackson, CA
Provincial Auditor

Winnipeg, Manitoba
February 10, 1992

GOVERNMENT OF THE PROVINCE OF MANITOBA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 1991
(with comparative figures for 1990)

SCHEDULE		NOTE	($ millions) 1991	1990
	ASSETS			
	Cash and equivalents		1,081	510
II	Amounts receivable		583	547
	Loans and advances	3	4,022	3,587
III	Equity in Government enterprises	4	257	107
	Other long-term investments	5	102	104
	TOTAL ASSETS		6,045	4,855
	LIABILITIES AND UNREALIZED RECOVERY			
	Amount owing to the Trust Fund	6	831	647
IV	Accounts payable, accrued charges, deferred revenue, deferred taxes and unrealized recovery		691	668
VI	Borrowings	7	9,623	8,473
	Provision for foreign currency fluctuation on Manitoba Hydro debt	8	249	266
	Unamortized foreign currency fluctuation	9	14	(12)
	TOTAL LIABILITIES AND UNREALIZED RECOVERY		11,408	10,042
	EXCESS OF LIABILITIES OVER ASSETS AND OTHER OBLIGATIONS HELD BY THE PROVINCE CONSIDERED TO BE SIMILAR IN NATURE			
	Excess of liabilities over assets:			
	Beginning of year		5,069	5,051
	Share devaluation-Government enterprises		-	(6)
	Consolidated net expenditure		191	24
	End of year		5,260	5,069
	Serial debentures of school divisions and districts	10	103	118
	TOTAL EXCESS OF LIABILITIES OVER ASSETS AND SIMILIAR ITEMS		5,363	5,187

Information concerning the Government's guaranteed and indirect liabilities, financial commitments, contingencies and pension liabilities can be found in Notes 11, 13, 14 and 15.

Trust Fund assets and liabilities at March 31, 1991 were $2,476 million (1990 - $2,168 million). Further details are displayed in note 6.

GOVERNMENT OF THE PROVINCE OF MANITOBA
CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1991
(with comparative figures for 1990)

	($ millions) 1991	1990
REVENUE (Schedule V)		
Tax Revenue:		
Corporation income tax	78	152
Individual income tax	1,149	1,031
Retail sales tax	606	622
Fuel taxes	187	191
Liquor commission	136	146
Levy for health and education	187	191
Other taxes	349	417
Federal transfers:		
Equalization	970	910
Health and higher education	406	431
Shared cost and other	369	358
Fees and other revenue	616	541
TOTAL REVENUE	5,053	4,990
EXPENDITURE (Schedule V)		
Health	1,682	1,545
Education and training	1,143	1,110
Family services	536	487
Economic and resource development	650	637
Assistance to local governments and taxpayers	385	379
Justice, administration and other government services	467	426
Public debt	531	525
TOTAL EXPENDITURE	5,394	5,109
NET EXPENDITURE	341	119
Increase in equity in Government enterprises (Schedule III)	(150)	(95)
CONSOLIDATED NET EXPENDITURE	191	24

GOVERNMENT OF THE PROVINCE OF MANITOBA
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991
(with comparative figures for 1990)

	($ millions) 1991	1990
Beginning cash and equivalents	510	1,351
Operating transactions:		
Consolidated net expenditure	(191)	(24)
Non-cash items included in net expenditure:		
Increase in amounts receivable	(36)	(67)
Write-off/down of loans advances and long-term investments	2	-
Increase in valuation allowance charged to expenditure	3	1
Energy Rate Stabilization Act-Settlement	(13)	-
Increase in accounts payable, accrued charges, deferred revenue, deferred taxes and unrealized recovery	23	136
Amortization of foreign currency fluctuation	10	12
Amortization of debt discount	9	9
Increase in equity in Government enterprises	(150)	(95)
	(343)	(28)
Investing transactions:		
Acquired/made	(932)	(356)
Redeemed/realized	505	336
Cash and equivalents required for investing	(427)	(20)
Financing transactions:		
Debt issued: foreign	1,199	888
domestic	1,009	135
	2,208	1,023
Debt redeemed: foreign	(343)	(828)
domestic	(379)	(431)
Payment from provision for foreign currency losses	(3)	(6)
Increase in sinking funds	(326)	(408)
	1,157	(650)
Increase (decrease) in amount owing to trust fund	184	(143)
Cash and equivalents obtained from financing	1,341	(793)
Change in cash and equivalents during period	571	(841)
Ending cash and equivalents	1,081	510

SCHEDULE I

GOVERNMENT OF THE PROVINCE OF MANITOBA
FUNDS, ORGANIZATIONS AND ENTERPRISES
COMPRISING THE GOVERNMENT REPORTING ENTITY

CONSOLIDATED FUND:
- **OPERATING FUND**

SPECIAL FUNDS:
- Fires Prevention Fund
- Fiscal Stabilization Fund
- Holdback Accounts - Builders Liens and Contractual
- Land Titles Assurance Fund
- Manitoba Law Reform Commission
- Manitoba Lotteries Fund
- Mining Community Reserve
- Veterinary Science Scholarship Fund
- Victims Assistance Fund

CROWN ORGANIZATIONS:
- Alcoholism Foundation of Manitoba
- A.R.M. Industries Inc.
- Centre Culturel Franco-Manitobain
- Communities Economic Development Fund
- Cooperative Loans & Loan Guarantee Board
- Cooperative Promotion Board
- Criminal Injuries Compensation Board
- Crown Corporations Council
- Deer Lodge Centre Inc.
- Embalmers & Funeral Directors Act - Board of Administration
- Horse Racing Commission
- Legal Aid Services Society
- Manitoba Agricultural Credit Corporation
- Manitoba Arts Council
- Manitoba Boxing and Wrestling Commission
- Manitoba Cancer Treatment and Research Foundation
- Manitoba Centennial Centre Corporation
- Manitoba Development Corporation
- Manitoba Energy Authority
- Manitoba Habitat Heritage Corporation
- Manitoba Hazardous Waste Management Corporation
- Manitoba Health Research Council
- Manitoba Health Services Commission
- Manitoba Hospital Capital Financing Authority
- Manitoba Housing and Renewal Corporation
- Manitoba Properties Inc.
  - Manitoba Properties Leasing Inc.(holding company)
  - Manitoba Properties Management Inc.(holding company)
- Manitoba Research Council
- Milk Prices Review Commission
- Public Schools Finance Board
- Rehabilitation Centre for Children
- Universities Grants Commission

SCHEDULE I
(cont'd)

GOVERNMENT ENTERPRISES: (Schedule III)(note 4)

Utilities:
- Manitoba Hydro
- Manitoba Telephone System

Insurance:
- Manitoba Crop Insurance Corporation
- Manitoba Public Insurance Corporation
- Workers Compensation Board

Finance:
- Liquor Control Commission
- Manitoba Lotteries Foundation
- Manitoba Textbook Bureau

Resource Development:
- A. E. McKenzie Co. Ltd.
- Channel Area Loggers
- Leaf Rapids Town Properties Ltd.
- Manitoba Mineral Resources
- Manitoba Trading Corporation
- Manitoba Water Services Board
- Moose Lake Loggers
- Venture Manitoba Tours

GOVERNMENT OF THE PROVINCE OF MANITOBA
CONSOLIDATED AMOUNTS RECEIVABLE
AS AT MARCH 31, 1991
(with comparative figures for 1990)

SCHEDULE II

	($ millions) 1991	1990
TAXATION REVENUE:		
Retail sales tax	42	51
Motive fuel tax	2	6
Gasoline tax	9	10
Tobacco tax	6	4
Revenue Act, 1964	5	5
	64	76
INTEREST INCOME:		
Province of Manitoba sinking fund	48	38
Other investments	25	22
	73	60
GOVERNMENT OF CANADA AND OTHER GOVERNMENTS:		
Shared cost programs	127	112
Canada Mortgage and Housing Corporation	12	14
Municipal corporations	64	64
Provinces and territories	8	6
	211	196
OTHER INCOME:		
Manitoba Agricultural Credit Corporation	234	215
Other Agencies	1	-
	235	215
	583	547

GOVERNMENT OF THE PROVINCE OF MANITOBA
GOVERNMENT ENTERPRISES
SUMMARY OF CONSOLIDATED OPERATING RESULTS AND FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991 *
(with comparative figures for 1990)

SCHEDULE III

($millions)

	UTILITIES	INSURANCE	FINANCE	RESOURCE DEVELOPMENT	TOTAL 1991	TOTAL 1990
RESULTS OF OPERATIONS						
Revenues:						
From operations	1,274	718	427	47	2,466	2,423
Transfers from Province	-	26	-	3	29	10
Total revenues	1,274	744	427	50	2,495	2,433
Expenses:						
From operations	846	686	235	45	1,812	1,842
Transfers to Province	-	-	191	-	191	177
Public debt	340	-	-	2	342	319
Total expenses	1,186	686	426	47	2,345	2,338
Net income for the year	88	58	1	3	150	95
FINANCIAL POSITION						
Assets:						
Cash and temporary investments	217	219	12	22	470	276
Accounts receivable	209	145	5	11	370	363
Long-term investments	178	702	-	10	890	808
Fixed assets	5,166	23	8	20	5,217	4,758
Other assets	480	13	17	8	518	570
Total assets	6,250	1,102	42	71	7,465	6,775
Liabilities:						
Accounts payable and accrued liabilities	601	154	22	5	782	635
Long-term debt						
-owing to Government	3,311	42	9	19	3,381	3,020
-owing to others	1,615	-	-	2	1,617	1,695
Provision for future benefits						
-Pension obligations	395	354	1	-	750	679
-Future cost of existing claims	-	648	-	-	648	609
Total liabilities	5,922	1,198	32	26	7,178	6,638
Net assets (liabilities)	328	(96)	10	45	287	137
Adjustments and eliminations						
Permanent debt/equity financing	-	-	-	(30)	(30)	(30)
Equity (Deficit) in Government Enterprises	328	(96)	10	15	257	107

* For Enterprises whose fiscal year is prior to March 31, the amounts reflected are as at their fiscal year end.

GOVERNMENT OF THE PROVINCE OF MANITOBA
CONSOLIDATED ACCOUNTS PAYABLE, ACCRUED CHARGES, DEFERRED REVENUE, DEFERRED TAXES AND UNREALIZED RECOVERY

SCHEDULE IV

AS AT MARCH 31, 1991
(with comparative figures for 1990)

	($ millions) 1991	1990
Accounts payable	273	302
Accrued charges:		
Interest accrued on borrowings and trust funds	223	181
Other accrued liabilities:		
Criminal Injuries Compensation Board	21	20
Land Acquisition Claims	2	-
Manfor Ltd. Divestiture	10	10
Manitoba Crop Insurance Corporation	1	-
Manitoba Lotteries Holdbacks	2	-
Manitoba Milk Producers Marketing Board	1	2
Manitoba Public Insurance Corporation	32	32
Other	2	1
Deferred revenue	6	6
Deferred income taxes	40	36
Unrealized recovery from future redemption of preferred shares of Repap Enterprises Inc	78	78
	691	668

GOVERNMENT OF THE PROVINCE OF MANITOBA — SCHEDULE V

CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE BY CATEGORY
FOR THE YEAR ENDED MARCH 31, 1991

(with comparative figures for 1990)

($ millions)

	OPERATING FUND	SPECIAL FUNDS	CROWN ORGANIZATIONS	ELIMINATIONS	TOTAL 1991	TOTAL 1990
REVENUE						
Tax Revenue:						
Corporation income tax	78	–	–	–	78	152
Individual income tax	1,149	–	–	–	1,149	1,031
Retail sales tax	606	–	–	–	606	622
Fuel taxes	187	–	–	–	187	191
Liquor commission	136	–	–	–	136	146
Levy for health and education	187	–	–	–	187	191
Other taxes	348	1	–	–	349	417
Federal transfers:						
Equalization	970	–	–	–	970	910
Health and higher education	406	–	–	–	406	431
Shared cost and other	319	–	50	–	369	358
Fees and other revenue	292	108	2,728	(2,512)	616	541
Transfer from Fiscal Stabilization Fund	67	–	–	(67)	–	–
TOTAL REVENUE	4,745	109	2,778	(2,579)	5,053	4,990
EXPENDITURE						
Health	1,645	–	1,568	(1,531)	1,682	1,545
Education and training	936	–	929	(722)	1,143	1,110
Family services	536	–	–	–	536	487
Economic and resource development	580	–	111	(41)	650	637
Assistance to local governments and taxpayers	385	–	–	–	385	379
Justice, administration and other government services	518	3	36	(90)	467	426
Public debt	437	–	164	(70)	531	525
Transfer to Operating Fund	–	125	–	(125)	–	–
TOTAL EXPENDITURE	5,037	128	2,808	(2,579)	5,394	5,109
NET EXPENDITURE	292	19	30	–	341	119
Increase in equity in Government enterprises (Schedule III)					(150)	(95)
CONSOLIDATED NET EXPENDITURE					191	24

NOTE 1: Included in eliminations are valuation allowances which had been provided in the Operating Fund for certain Crown organizations consolidated herein.

NOTE 2: Revenue from Individual and Corporation income tax has been reduced by $49 million (1990 -$48 million) which represents the Municipal share of these taxes which are paid to Municipalities in accordance with the Provincial-Municipal Tax Sharing Act.

GOVERNMENT OF THE PROVINCE OF MANITOBA
CONSOLIDATED STATEMENT OF BORROWINGS
AS AT MARCH 31, 1991
(with comparative figures for 1990)

SCHEDULE VI

($millions)

1990						1991				
OPERATING FUND	CROWN ORGANIZATIONS MHRC	MPI	MHCFA	TOTAL		OPERATING FUND	CROWN ORGANIZATIONS MHRC	MPI	MHCFA	TOTAL
10,028	229	372	3	10,632	Gross borrowings	11,457	227	364	3	12,051
(1,910)	(11)	-	-	(1,921)	Sinking funds	(2,234)	(13)	-	-	(2,247)
(199)	-	-	-	(199)	Investment offsets	(135)	-	-	-	(135)
(39)	-	-	-	(39)	Unamortized debt issue costs	(46)	-	-	-	(46)
7,880	218	372	3	8,473	Net borrowings before eliminations	9,042	214	364	3	9,623
361	11	(372)	-	-	Eliminations	351	13	(364)	-	-
8,241	229	-	3	8,473	Net borrowings	9,393	227	-	3	9,623

GOVERNMENT OF THE PROVINCE OF MANITOBA
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1991

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic accounting policies which have been applied in the preparation of the Summary Financial Statements are summarized below. These policies have been developed and are applied in accord with the provisions of the Financial Administration Act, which is Chapter F55 of The Continuing Consolidation of The Statutes of Manitoba.

A. THE REPORTING ENTITY

The financial transactions of the Government are recorded in "The Consolidated Fund". The audited financial statements of the Consolidated Fund are published in Volume 1 of the Public Accounts. The activities of The Consolidated Fund are divided into the "Operating Fund", which records the operational activities of the Government, and the "Trust Fund", which records the trust administration function.

Financial statements prepared for the "Operating Fund" report amounts recorded as Government revenue, expenditure on Government programs, the lending and investment of Government funds and the borrowing and repayment of debt. Separate financial statements are prepared for the "Trust Fund" which report the activities in the various categories of trust money administered by the Government.

In order to be considered a part of the Government's Reporting Entity, an organization must be accountable for the administration of its financial affairs and resources to a minister of the Government, or directly to the Legislature, and must be owned and/or controlled by the Government, as determined by legislative provisions or by a majority holding of voting share capital. The financial operations of organizations which are not part of the Government Reporting Entity are reflected in the Summary Financial Statements only to the extent that:

1. they receive money from or pay money to the Government, or
2. any non-recoverable deficits they incur are adjusted against the amounts loaned, advanced or invested in them by the Government, or
3. where the Government has no loans, advances or investments involved, any losses they incur, which are assumed by the Government, are recorded as accrued charges.

The various funds, organizations and enterprises comprising the total Government Reporting Entity for the March 31, 1991 Summary Financial Statements are listed in Schedule I.

Health and educational institutions receive most of their financial resources from voted appropriations which are recorded as expenditures. The majority of these, other than those listed in Schedule I, are required to report separately on their stewardship. They are not consolidated in these financial statements.

B. BASIS OF CONSOLIDATION

Special funds and Crown organizations are consolidated after adjusting them to a basis consistent with the accounting policies of the Government Reporting Entity. Inter-entity accounts and transactions are eliminated upon consolidation, except for retail sales tax and the levy for health and education, which remain on a gross basis as operating expenditures and revenue of the Operating Fund. Where the fiscal year-end of Crown organizations is not the same as that of the Government Reporting Entity and their transactions significantly affect the financial statements, they are restated to March 31.

Government enterprises, whose principal activity is carrying on a business, maintain their accounts in accordance with accounting principles which are generally accepted for business enterprises and which are considered appropriate to their individual objectives and circumstances. They are reported by the modified equity method of accounting without adjusting them to a basis consistent with that of the Government Reporting Entity. The financial results of enterprises are not restated to March 31 notwithstanding that their fiscal year-end may not be the same as that of the Government Reporting Entity. Inter-entity accounts and transactions are not eliminated. Supplementary financial information describing the financial position and results of operations of these enterprises is presented in Schedule III.

C. BASIS OF ACCOUNTING FOR REVENUE AND EXPENDITURE

1. GROSS ACCOUNTING CONCEPT

Revenues and expenditures are recorded in gross amounts with the following exceptions:

a) The municipal share of Individual and Corporation Income Taxes, which is paid to Municipalities in accordance with the Provincial-Municipal Tax Sharing Act, is not recorded as revenue or expenditure by the Government Reporting Entity.

b) Refunds of revenue are treated as reductions of current year revenue.

c) Decreases in valuation allowances previously provided are treated as reductions to expenditure.

d) Recoveries of the debt servicing costs on self-supporting debt from Government enterprises and other organizations are recorded as a reduction of Public debt expenditure. The same treatment is also given to income earned on investments and advances.

2. MODIFIED ACCRUAL ACCOUNTING

The revenues and expenditures of the Government Reporting Entity are recorded on an accrual basis with exceptions noted as follows:

a) INCOME FROM CANADA-MANITOBA FISCAL ARRANGEMENTS - This income is recorded on a cash basis with three exceptions:

i) revenues received in advance of when they are earned are deferred to the appropriate fiscal year;

ii) money received in advance, relating to projects for which expenditures are to be made in more than one fiscal year, is deemed to be revenue in each fiscal year in proportion to the related expenditure made in the respective fiscal year; and

iii) the accounts are kept open until June 30 to reflect any adjustments regarding revenue from the Government of Canada under the Canada-Manitoba Fiscal Arrangements.

b) FEES AND OTHER REVENUE - Amounts receivable from all levels of government, as well as amounts received in April from agents for provincially collected taxes pertaining to the year just ended, are recorded as revenue receivable. Otherwise, Fees and other revenue are recorded on a cash basis.

c) SALARIES AND WAGES - Salaries and wages are recorded as expenditures in the year in which they are paid. No liability or expenditure is recorded for salaries earned but not paid at year end, or for salary related benefits such as vacation earnings.

d) PENSION - Some Crown organizations and Government enterprises record their liability for pension benefits. For the most part, however, the annual costs recorded by the Government Reporting Entity is its

share of pension paid to retired employees, teachers and Members of the Legislative Assembly.

The Government Reporting Entity does not fully record its liability for the annual cost of pension benefits earned by its employees, teachers and Members of the Legislative Assembly.

e) CAPITAL ASSETS AND INVENTORIES - Expenditures for the acquisition and/or construction of fixed assets and the acquisition of inventories are not considered to differ from any other service to the public and accordingly are treated as an expenditure.

D. BASIS OF ACCOUNTING FOR ASSETS AND LIABILITIES

1. Except for deferred revenue, deferred income taxes and unrealized recoveries, the assets and liabilities reported in the financial statements are financial claims. The assets are claims by the Government Reporting Entity on other parties and encompass the net equity interest in the operation of consolidated Government enterprises. The liabilities are claims by other parties on the Government.

   Deferred revenue consists of money received from taxation and shared cost agreements which relate to future years, as well as fees from debt transactions to be amortized over the remaining life of the debt. This deferred revenue will be recorded in the appropriate year.

   Deferred income taxes are amounts calculated as being income taxes payable except that certain allowances and deductions under the Income Tax Act defer the tax liability to future periods. Manitoba Properties Inc. has recorded deferred income taxes which are available to cover future tax liabilities.

   Unrealized recoveries are in relation to the expected redemption value of the Repap Enterprises Inc. shares. Redemption of the shares is mainly dependent on the future profitability of Manfor Ltd. and the fulfilment of other conditions, well into the future.

2. Capital assets and inventories do not represent financial claims on others. Therefore they are not reported as assets at fiscal year end.

3. Loans, advances and long-term investments held by the Government Reporting Entity are subject to annual valuation.

   A valuation allowance is provided to reflect decreases in the value of loans, advances and long-term investments and is adjusted annually for changes that have occurred in the estimated realizable value of these assets. Increases in the valuation allowance are recorded as expenditures, and conversely decreases in the valuation allowance are treated as a reduction of expenditures.

   Loans, advances or long-term investments may be written-down in the accounts of the Government Reporting Entity, pursuant to authority provided under the Financial Administration Act. The write-down is applied to the valuation allowance, whether it occurs in the year the valuation allowance is provided or in a subsequent year. Where an investment has been partially written-down to reflect a permanent decline in its realizable value, it is carried at its decreased value. Otherwise it is recorded at cost.

4. Investments included in Cash and equivalents and the Province of Manitoba Sinking Fund are recorded at cost adjusted for amortization of investment premium or discount. Any premium or discount incurred at the time of purchase is amortized annually to public debt expense over the life of the investment. The investments included in the remaining Sinking Funds are shown at cost and do not reflect any amortization of investment premium or discount.

Investments denominated in foreign currency are translated to the Canadian dollar equivalent at the exchange rate in effect at March 31, unless the rate of exchange or a forward exchange contract fixing the value has been negotiated, in which case that rate or amount is used.

Expenses and other transaction charges incurred on the purchase of investments during the year are charged to public debt expense. Those expenses incurred in foreign currency are translated at the exchange rate in effect on the transaction date.

The year end investment translation adjustments reflecting the foreign exchange fluctuation are amortized annually to public debt expense over the life of the investment.

5. Borrowings, comprised of bonds, debentures and other long-term debt issued and payable in Canadian currency, are recorded at the par value of the issue. Discounts or premiums, as well as commissions incurred at the time of the issue of the debt, are amortized annually to public debt expense over the life of the debt. The unamortized portion is deducted from the par value of the debt.

Fees received at the time of arranging debt transactions, in respect of options or warrants, are reflected as deferred revenue and amortized annually as a credit to public debt expense over the life of the debt. The unamortized portion is included in deferred revenue.

Expenses and other transaction charges, such as legal fees, printing and registration, incurred during the year on the issue of debt are charged to public debt expense. Those expenses incurred in foreign currency are translated at the exchange rate in effect on the transaction date.

Borrowings issued and payable in foreign currencies are recorded at the Canadian dollar equivalent of the par value based on the exchange rate in effect at March 31, unless the rate of exchange or a fixed amount has been negotiated through a currency exchange agreement or other arrangement, in which case that rate or amount is used.

The year end translation adjustments reflecting the foreign exchange fluctuation from the value at the issue date are recorded through the Unamortized Foreign Currency Fluctuation account and are amortized annually to public debt expense over the life of the debt issue.

Where an issue of debt in a foreign currency is called for redemption prior to maturity and refinanced with another issue of debt, the Canadian dollar equivalent cost of the original debt is translated at the exchange rate in effect at the date of redemption. The resulting unrecognized foreign currency fluctuation is recorded through the Unamortized Foreign Currency Fluctuation account and is amortized to public debt expense over the term of the first replacement issue or the remaining term of the original issue whichever is less. However, if the remaining term of the original issue is one year or less, the fluctuation is fully expensed in the year of redemption.

On maturity, any unrecognized foreign exchange gain/loss, being the difference between the recorded par value in Canadian currency and the required payment, is reflected in public debt expense.

Proceeds of debt which are raised for the purpose of retiring a specific debt issue at a later date and which are invested for a short term are valued in accordance with the accounting policy on Borrowings. Holdings of unmatured provincial debt issues purchased on the market for cancellation are valued in accordance with the policy on investments. Both these investment categories are reflected as reductions to Borrowings.

Sinking funds are maintained in accordance with legal requirements of the debt instruments and the Financial Administration Act and are reflected as a reduction of Borrowings.

E. GUARANTEED AND INDIRECT LIABILITIES

In addition to having direct debt, the Government acts as a guarantor of securities issued by various other entities. The debt issued by Crown organizations and Government enterprises and guaranteed by the Government is largely self-supporting. Other debt for schools, universities and hospitals, while not guaranteed by the Government, is serviced in whole or in part from appropriations of the Consolidated Fund.

Legislation requires the maintenance of sinking funds for the retirement of the debt of most Crown organizations and Government enterprises. These sinking funds are held in Trust by the Minister of Finance. The Crown organization or Government enterprise to whom the debt applies make annual contributions to the sinking fund.

Contingent liabilities that result from other financial activities of the Government Reporting Entity are reported in the notes to the summary financial statements.

2. VALUATION ALLOWANCES

A. GOVERNMENT ENTERPRISES - LOANS, ADVANCES AND LONG-TERM INVESTMENTS

Valuation allowances for Government enterprises are determined as follows:

1. OPERATING DEFICITS
   The valuation allowance is based on the financial results applicable to the most recent fiscal year completed prior to April 1. Where an assessment of the accumulated deficit indicates a prospect for recovery from future operations, the amount of the valuation allowance is adjusted accordingly.

2. NON-RECOVERY OF CAPITAL INVESTMENT
   A valuation allowance may be provided where there is reasonable evidence that the Province's investment will not be realized.

If the Government has more than one type of investment in an enterprise (eg. common shares, preferred shares and debentures), the valuation allowance is assigned against the investments in order of priority on liquidation.

B. OTHER LOANS AND ADVANCES

The valuation allowance is used to provide for the estimated amounts not recoverable under a Government loan or support program. The valuation allowance for doubtful accounts that has been established for that loan or support program is recorded by means of a valuation allowance placed against the loan or advance used to fund the program. Increases to the valuation allowance are recorded as an expenditure regardless of the timing of the write-off of the uncollectible accounts, such write-off being applied directly to the valuation allowance.

C. OTHER LONG-TERM INVESTMENTS

The valuation allowance is used to record losses that are other than temporary declines in the value of the investments. The valuation allowance is based on an annual valuation of the investment.

3. LOANS AND ADVANCES

These loans and advances have been made by the Government and Crown organizations to Government enterprises and to parties outside of the Government Reporting Entity.

	($ millions)			
	Government Enterprises	Other	1991 Total	1990 Total
Loan/advance	3,863	366	4,229	3,778
Less: Sinking Funds	196	1	197	182
Valuation Allowance	-	10	10	9
Net	3,667	355	4,022	3,587

4. EQUITY IN GOVERNMENT ENTERPRISES

A summary of the Operating Results and Financial Position for Government enterprises are displayed in Schedule III. The composition of the four categories is described in Schedule I. The category definitions are as follows:

Utilities:
Enterprises which provide public utility services to the public for a fee.

Insurance:
Enterprises which provide insurance coverage services to the public for a fee.

Finance:
Enterprises which provide regulatory control and are revenue generating, or enterprises which use economy of scale to deliver goods to non-Government clients.

Resource Development:
Enterprises charged with the development of various industries and /or the delivery of various products which will assist the Provincial economy.

Included in the Equity in Government enterprises are net assets which are restricted for use and thereby not available to discharge Government liabilities or to finance other Government programs:

	($ millions)	
	1991	1990
Manitoba Telephone System	163	123
Manitoba Hydro	165	117
Manitoba Public Insurance Corporation	41	31
Manitoba Crop Insurance Corporation	37	2
Manitoba Water Services Board	1	1
	407	274

5. OTHER LONG-TERM INVESTMENTS

The following amounts include investments in Government enterprises and in other organizations outside of the Government Reporting Entity.

	($ millions)		1991	1990
	Government Enterprises	Other	Total	Total
Shares:				
Common	19	5	24	24
Preferred	2	78	80	80
Debentures	3	2	5	6
Profit sharing agreement	-	11	11	11
Other	-	-	-	1
	24	96	120	122
Valuation allowance	4	14	18	18
Net	20	82	102	104

6. TRUST FUNDS

Included in the Consolidated Statement of Financial Position is an amount owing to the Trust Fund which primarily represents surplus cash of Government enterprises and other organizations on deposit with the Minister of Finance for investment but not specifically invested. Such deposits are pooled with other available funds of the Government for investment purposes and are accorded a market rate of interest. Also included are Trusts established and maintained by Crown organizations which have been consolidated in these Summary Financial Statements.

The assets and liabilities of the combined Trust Funds as at March 31st are as follows:

	($ millions) 1991	1990
ASSETS		
Amounts due from Operating Fund	831	647
Cash and investments	902	815
Total Trust Assets	1,733	1,462
LIABILITIES		
Trust Fund balances-Consolidated Fund	1,694	1,428
Trust Fund balances-Crown organizations	39	34
Total Trust Liabilities	1,733	1,462

In addition to the above Trust Funds, various departments and agencies hold cash and securities for which the Government Reporting Entity's responsibility is custodial in nature. The custodial trust amount reported at March 31, 1991 was $743 million (1990-$706 million) and includes the estates and trusts under the administration of the Public Trustee of Manitoba.

7. BORROWINGS

A summary of borrowings is displayed in Schedule VI. All borrowings are expressed in Canadian dollars and are shown net of sinking funds, unamortized debt issue costs and debt of the Province of Manitoba held as provincial investments. Foreign borrowings are converted at the exchange rate in effect at March 31 adjusted for any foreign currency contract entered into for settlement after the fiscal year-end.

Money is allocated annually to the Province of Manitoba sinking fund on the following basis:

A. a sum equal to 3% of the aggregate amount of debt related to general government programs, in Canadian dollars converted at the date of issue, outstanding at the end of the preceding fiscal year; and
B. all earnings derived from investing the sinking fund.

The Manitoba Hydro-Electric Board and the Manitoba Telephone System make annual contributions to their respective sinking funds for the orderly retirement of their debt based on 1% of debt and Provincial advances outstanding at the preceding fiscal year end plus 4% of the sinking fund balance.

In addition, all principal repayments of advances by other agencies are allocated to the sinking fund and will be utilized to retire other agencies' debt as such debt matures.

8. PROVISION FOR FOREIGN CURRENCY FLUCTUATION ON MANITOBA HYDRO DEBT

The Province issues provincial securities to raise funds for Manitoba Hydro. In addition, the Province guarantees debt which Manitoba Hydro issues in its own name. Until March 31, 1987, pursuant to the Energy Rate Stabilization Act, the Province was responsible for the currency fluctuation on all foreign debt issued for Manitoba Hydro purposes.

The Energy Rate Stabilization Act was amended effective April 1, 1987 making Manitoba Hydro responsible for the fluctuation on all of its foreign currency debt issued on or after that date. Manitoba Hydro was also made responsible for the fluctuation on its U.S. dollar denominated debt issued prior to April 1, 1987, except to the extent already provided by the Province to March 31, 1987.

Effective April 1, 1989 the Act was further amended to transfer responsibility to Manitoba Hydro for the remaining foreign currency risk associated with the debt issued prior to April 1, 1987. At March 31, 1989, using the foreign exchange rates in effect on that date, the Province adjusted its provision account to cover the total fluctuation in the value of this foreign debt.

In May, 1990 the Province and Manitoba Hydro entered into an agreement which provides that the settlement amount in respect of each United States dollar denomination debt issue governed by The Energy Rate Stabilization Act be calculated using a currency exchange rate of $1.21. The Province's liability in relation to foreign exchange fluctuations on these debt issues, as a result of the agreement, is fixed at $183 million at March 31, 1991.

At maturity of other foreign debt issues for Manitoba Hydro purposes, the Province is responsible for the lesser of the currency fluctuation on the maturing debt or the amount remaining in the provision account for that particular issue.

The provision account balance of $249 million at March 31, 1991 (1990-$266 million) represents the limit of the Province's liability for foreign exchange fluctuation on both U.S. dollar denominated debt and other foreign debt for Manitoba Hydro purposes.

9. UNAMORTIZED FOREIGN CURRENCY FLUCTUATION

This balance represents the unamortized portion of unrealized foreign currency gains or losses on the conversion of the assets and liabilities of the Government to Canadian dollars at March 31. It also includes the unamortized portion of realized foreign currency gains or losses on the conversion of the foreign currency debt called prior to maturity using the rates in effect at the time of the call.

10. SERIAL DEBENTURES OF SCHOOL DIVISIONS AND DISTRICTS, TRANSFERRED FROM THE MANITOBA SCHOOL CAPITAL FINANCING AUTHORITY

The School Capital Financing Authority Act was repealed April 1, 1983 at which date all investments and money held by the Authority, as well as debt payable by the Authority, was assumed by the Government. The investments transferred to the Government consist of serial debentures issued by school divisions and districts for which the Government is primarily responsible for repayment. These securities are therefore included in this category because they do not represent a claim on other parties.

The estimates of expenditure provide an annual appropriation in the Operating Fund to cover the principal and interest costs of these debentures. The cash drawn from this appropriation for the required annual principal repayments is transferred to the Province's sinking fund where it will be used for repayment at maturity of the debt assumed from the Authority. A similar treatment would be accorded any proceeds from the sale of the school debentures.

The principal repayments related to these debentures are as follows:

	($ millions)						
due in	1992	1993	1994	1995	1996	1997-2003	TOTAL
	$ 13	$ 12	$ 12	$ 12	$ 12	$ 42	$ 103

11. GUARANTEED AND INDIRECT LIABILITIES

The following comprises debt issued by Crown organizations not consolidated herein and by Government enterprises, which is guaranteed by the Government as at March 31st:

	($ millions) 1991	1990
Debt of Provincial utilities, cities and towns	1,749	1,733
Debt serviced in whole or in part from the Consolidated Fund	10	10
	1,759	1,743
Less: Applicable sinking funds	304	290
	1,455	1,453

A portion of the foreign currency fluctuation on the guaranteed debt included above has been provided for in the Provision for foreign currency fluctuation on Manitoba Hydro debt.

12. OTHER ACCRUED LIABILITIES

The Government Reporting Entity has accrued a liability at March 31st for losses or program expenditures in order to recognize the Province's responsibility to fund these amounts when they become payable:

	($ millions) 1991	1990
Criminal Injuries Compensation - Provision for future costs	21	20
Land Acquisition Claims	2	-
Manfor Ltd. Divestiture	10	10
Manitoba Crop Insurance Corporation	1	-
Manitoba Lotteries Holdbacks	2	-
Manitoba Milk Producers Marketing Board	1	2
Manitoba Public Insurance Corporation - Reinsurance assumed losses	32	32
Other	2	1
	71	65

13. FINANCIAL COMMITMENTS

The Government Reporting Entity has approved long-term financial arrangements wherein indebtedness has been issued that is not guaranteed by the Government, but the funds required for the payment of principal and interest will be either fully or partially provided from appropriations of the Operating Fund. The Government Reporting Entity has also made future commitments against appropriations under long-term contracts that cover the acquisition and/or rental of physical assets. These financial commitments as at March 31st are as follows:

	($ millions) 1991	1990
LONG-TERM FINANCIAL ARRANGEMENTS:		
Hospitals and Personal Care Homes	487	462
Public Schools	306	291
Repap Pulp and Paper Inc. (Divestiture of Manfor Ltd.)	150	150
Brandon University	2	3
Manitoba Water Services Board	2	2
	947	908
FUTURE COMMITMENTS:		
Acquisition of physical assets	937	1,166
Rental of physical assets	93	74
Housing construction and approved mortgage applications	37	33
	1,067	1,273
	2,014	2,181

In addition to the approved outstanding debt for Hospitals and Personal Care Homes, lines of credit up to $168.5 million (1990-$82.6 million) have been approved to finance capital projects currently in process. On completion of these projects, the borrowings will be converted to long-term debt.

14. CONTINGENCIES

The Government has provided guarantees for the following and accordingly has a contingent liability in the event of default:

	($ millions)		
		Amount Outstanding	
	Maximum	1991	1990
Province of Manitoba			
Mortgages	1	1	1
Promissory notes	175	16	-
Bank loans and lines of credit	31	22	21
	207	39	22
Crown Organizations			
Mortgages		17	17
Guaranteed operating loans		3	4
		20	21

The Government has provided a guarantee to the purchaser of Flyer Industries Ltd. covering all of the obligations of Manitoba Development Corporation arising out of the sale of Flyer Industries Ltd. including $53 million of performance bonds on contracts for the supply of buses to various transit organizations.

The Government is party to an agreement with the Hudson Bay Mining and Smelting Company (HBMS) in relation to the Ruttan Mine whereby it is committed to paying all environmental clean-up costs in excess of the limit set as HBMS's share. The clean-up costs will be incurred upon closure of the Mine. The extent of this potential liability is not quantifiable at this time.

Revenue Canada has under review the acquisition values of the properties purchased by Manitoba Properties Inc. from the Province of Manitoba. This matter is currently under discussion and it is not possible at this time, to determine the amount of adjustment for income taxes, if any, which may be required. Any such adjustment for income taxes will be recorded as a prior period adjustment.

The Government Reporting Entity has been named in approximately 335 legal actions, outstanding at March 31, 1991, which may result in future liabilities. As well, there are approximately 75 other claims outstanding in respect of damages to persons and property and like items.

In addition, there are two matters which are of potential significance:

Mitigation Commitments

The Province of Manitoba and Manitoba Hydro are party to an agreement dated December 16, 1977 with the Government of Canada and the Northern Flood Committee Inc., which includes compensation and mitigation for the impact of the Churchill River Diversion and Lake Winnipeg Regulation project.

The Province is named as a respondent in 67 claims filed with the Arbitrator; 32 have been satisfied or have interim settlements and 35 have yet to be determined at March 31, 1991. The Province has paid a total of $24.1 million in compensation, mitigation, advances and loans under the Agreement to March 31, 1991. the Province's contingent liability is estimated to be in excess of $30 million.

Manitoba Hydro is named as a respondent in 138 claims filed with the Arbitrator; 83 have been satisfied or have interim settlements and 55 have yet to be determined at March 31, 1991. Manitoba Hydro has paid a total of $59.3 million in compensation, mitigation and advances under the Agreement to March 31, 1991. Manitoba Hydro's contingent liability is estimated to be in excess of $60 million.

Manitoba Hydro has also received claims for consideration by claimants not party to the Northern Flood Agreement, but who are affected by the impact of the Churchill River Diversion and the Lake Winnipeg Regulation projects.

Manitoba Hydro has paid a total of $35.9 million with respect to these claims at March 31, 1991. Manitoba Hydro is not able to precisely determine its contingent liability for unsettled claims but has estimated it to be in excess of $4.0 million.

Furthermore, Manitoba Hydro, in conjunction with the Province of Manitoba and the communities affected by the Grand Rapids hydroelectric development have completed a review of the impact of the project on the people of the communities. During the year a total of $21.1 million in compensation payments were provided by Manitoba Hydro to the communities of Easterville/Chemawawin and Moose Lake. The Province has not made any payments with respect to this project. Neither Manitoba Hydro nor the Province is able to precisely determine its contingent liability with respect to the remaining communities.

Canadian National Railways (CNR)
The CNR has requested a declaration that the Retail Sales Tax Act does not apply to railway stock and repair costs, or in the alternative, if it does, that the legislation is ultra vires. CNR is requesting a refund of Sales Tax it has paid in relation to the goods and services in question.

No provision has been made at March 31, 1991 in the accounts of the Province as the outcome of these actions and claims are uncertain.

15. PENSION LIABILITY

The Government is required by legislation to pay 50% of the pension disbursements made to retired Provincial employees (with the exception of the share payable by Government agencies for their employees) and to retired teachers. Such payments are charged to departmental appropriations as incurred and no provision is made to fund current or past service obligations of the Government to the Civil Service Superannuation Fund or to the Teachers' Retirement Allowances Fund. The reserves which are presently held in these Funds represent only the employees' obligation towards the total pension liability.

An actuarial valuation and report of the Government's liability to the Civil Service Superannuation Fund was determined as at December 31, 1989. The report also provided a formula to update the liability on an annual basis. In accordance with the formula adopted by the actuary, the Government's actuarial liability to the Civil Service Superannuation Fund has been calculated on a non-indexed basis at approximately $481 million at March 31, 1991 (1990-approximately $430 million). The liability of the Province to the Teachers' Retirement Allowances Fund has not been established by an actuarial valuation. The reserve which is indexed and held in the Teachers' Retirement Allowances Fund, representing the employees' obligation towards the total pension liability, amounted to $751 million as at December 31, 1990 (1989-$675 million). The Province's liability should approximate these amounts.

In addition, the Government is required to pay all of the pension disbursements made to retired Members of the Legislative Assembly (MLA's) in accordance with the Legislative Assembly Act. Members' contributions, as deducted from their renumeration, are treated as revenue of the Government. An actuarial valuation at December 31, 1986 determined the Government's liability to be $19 million. The report did not include a formula to update the liability annually and no valuation has been completed since that time.

The unrecorded pension liability for the Government Reporting Entity is as follows:

	($ millions) 1991	1990
Civil Service Superannuation Fund:		
Operating Fund	481	430
Crown Organizations	34	30
Government Enterprises	128	142
M.L.A.'s (as at December 31, 1986)	19	19
Teachers Retirement Allowances Fund	751	675
TOTAL	**1,413**	**1,296**

16. LEGISLATIVE AUTHORITY FOR BORROWING

Order-in-council 1138/82 authorizes the Minister of Finance to borrow money by the sale of promissory notes or by bank line of credit up to an aggregate amount not exceeding $350 million at any one time.

Limits established by legislation for borrowing funds are reported here along with information regarding any non-compliance with these limits that may have occurred during the fiscal year.

	($ millions)	
	1991 Appropriation Acts	1990 Loan Acts
Incremental Non-Lapsing Authority Provided in 1990 Acts	800	800
Amount Used During the Fiscal Year Ended March 31, 1991	-	-
Available for Future Years	**800**	**800**
Unused Borrowing Authority From Prior Years	7	223
Unused Borrowing Authority at March 31, 1991	**807**	**1,023**

17. MANITOBA DATA SERVICES DIVESTITURE

The sale of MDS to STM Systems Corporation in August, 1990 provided cash proceeds of $18.3 million, which after allowance for divestiture costs, resulted in deposits to revenue totalling $17.8 million. In addition to the cash proceeds, the Government also received a data processing service credit note of $3.8 million to be applied over the five year period ending December 31, 1994 against the service costs of net new projects approved for utilization of MDS facilities. The credit note does not qualify as a financial asset under the accounting policies followed by the Government Reporting Entity, consequently benefits derived from the credit note will be recognized in the fiscal year in which it is utilized.

Under the terms of the sale agreement, the Government has provided a 5 year revenue guarantee to the new owners of MDS and has received commitments from the new owners for further economic benefits including:

- construction of a new facility to house the operations of MDS;
- creation of a business development fund, to explore and develop new business ventures in Manitoba;
- establishment of an equity investment fund, to provide capital and resources to promote the growth of existing high technology companies in Manitoba;
- research and development, in pursuit of new product and research development; and
- the purchase of substantial amounts of goods and services in Manitoba.

18. COMPARATIVE FIGURES

Financial Statement figures for 1990 have been restated on a basis consistent with the presentation adopted for 1991.

1991 is the first year in which the Summary Financial Statements consolidate all of the operations of the Government Reporting Entity. There is one special fund and twenty crown organizations included in the 1991 Summary Financial

Statements which were not included in the 1990 Summary Financial Statements. Restatement of the 1990 financial statement figures has resulted in a decrease of $3 million to Consolidated Net Expenditure and a decrease of $8 million to Excess of Liabilities over Financial Assets and Similar Items.